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SECURITY INFORMATION

INFORMATION REPORT

REPORT NO.

CD NO.

COUNTRY Hungary

DATE DISTR. 28 April 1952

25X1 **SUBJECT** Economic Difficulties

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THIS IS UNEVALUATED INFORMATION

1. Hungary is in desperate need of hard currency. The foreign trade does not earn hard currency because Hungarian foreign trade is almost exclusively based on a complicated system of barter and exchange. This is the reason why the Hungarian government is not averse to robbery and blackmail. Small sums of even \$2,500 (taken from Archbishop Grösz) and the \$120,000 recently paid for the release of the American flyers are of prime importance to the Hungarian government.
2. It is estimated that the cash dollar income of the Hungarian government is no more than \$300,000 per month. This income is derived from the following sources:
 - a. JOINT (the Joint Distribution Committee) spends about \$220,000 per month for the support of approximately forty charitable institutions in Hungary.* The money is received primarily from the United States and is exchanged at the Hungarian National Bank for forints at the rate of 11 forints per dollar. The exchange at the official rate provides the government with a substantial profit.
 - b. The Hungarian government is eagerly collecting all available "International Coupons" and cashing them in the countries of origin either for dollars or for other hard currency.
 - c. Remittances from persons of Hungarian ancestry now living in the United States. These remittances to the "old country" are decreasing in value and represent only a small portion of the dollar income.
 - d. The sale of confiscated "objets d'art" which are exported by the government-controlled firm of Artimpex.

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- * Comment: It is not in the interest of the Hungarian Government to permit the Jews presently resident in Hungary to emigrate to Israel. If all Jews were permitted to leave Hungary, JOINT spending in Hungary would cease, and this would mean the end of a very important source of hard currency for the Hungarian government.

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